

**2009 DRAFTING REQUEST****Bill**Received: **09/23/2008**Received By: **jkreye**Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**By/Representing: **Hynek**This file may be shown to any legislator: **NO**Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Property - other**

Extra Copies:

Submit via email: **NO**

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**Pre Topic:**

DOA:.....Hynek, BB0108 -

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**Topic:**

Supervising local property tax assessments

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**Instructions:**

See attached

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**Drafting History:**

| <u>Vers.</u> | <u>Drafted</u>       | <u>Reviewed</u>        | <u>Typed</u>           | <u>Proofed</u> | <u>Submitted</u>       | <u>Jacketed</u> | <u>Required</u> |
|--------------|----------------------|------------------------|------------------------|----------------|------------------------|-----------------|-----------------|
| /P1          | jkreye<br>09/23/2008 | kfollett<br>09/23/2008 | phenry<br>09/24/2008   | _____          | sbasford<br>09/24/2008 |                 | S&L             |
|              | jkreye<br>09/24/2008 |                        |                        | _____          |                        |                 |                 |
|              | jkreye<br>09/24/2008 |                        |                        | _____          |                        |                 |                 |
| /P2          | jkreye<br>01/20/2009 | kfollett<br>01/20/2009 | rschluet<br>01/20/2009 | _____          | mbarman<br>01/20/2009  |                 | S&L             |

FE Sent For:

&lt;END&gt;

# 2009 DRAFTING REQUEST

## Bill

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Supervising local property tax assessments

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|--------------|--|--|----------------------|----------------|------------------------|-----------------|-----------------|
| /P1          | jkreye<br>09/23/2008<br>jkreye<br>09/24/2008<br>jkreye | kfollett<br>09/23/2008<br>1/25<br>1/20 | phenry<br>09/24/2008 |                | sbasford<br>09/24/2008 |                 | S&L             |

FE Sent For:

<END>

**2009 DRAFTING REQUEST****Bill**Received: **09/23/2008**Received By: **jkreye**Wanted: **Soon**

Identical to LRB:

For: **Administration-Budget**By/Representing: **Lillethun**This file may be shown to any legislator: **NO**Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Property - other**

Extra Copies:

Submit via email: **NO**

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DOA:.....Lillethun, BB0108 -

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**Topic:**

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|--------------|----------------|-----------------|----------------|-------------------|------------------|-----------------|-----------------|
| /P1          | jkreye         | 1P1k-f<br>9/23  | a,<br>by<br>ph | 9/<br>by<br>ph/jk |                  |                 |                 |

FE Sent For:

&lt;END&gt;

0379

## 2009-11 Budget Bill Statutory Language Drafting Request

- Topic: Assessment Compliance Standards
- Tracking Code: BB0108
- SBO team: Tax, Transportation and Budget Development
- SBO analyst: Sara Hynek
  - Phone: 266-1923
  - Email: sara.hynek@wisconsin.gov
- Agency acronym: DOR
- Agency number: 566
- Priority (Low, Medium, High): Low

Intent: In Chapter 70, shorten the full valuation compliance cycle to 5 years, allow DOR to order revaluation after 5 years rather than 7, eliminate assessor training requirements in noncompliance situations and redefine "major class of property" to mean ten percent of a taxing district's full value. See attached for full drafting instructions.

**2009-2011 Legislative Proposal  
Wisconsin Department of Revenue  
Division of State and Local Finance**

**Date:** September 15, 2008

**PROPOSAL 13: Modify Assessment Compliance Requirements**

**DESCRIPTION OF CURRENT LAW AND PROBLEM**

Under current law, a municipality must assess major classes of property within ten percent of full value once every five years. After seven years outside the ten percent range, the Department of Revenue will order and supervise a taxation district assessment (revaluation) in year eight.

The five-year period defined in the statute, followed by a period during which local assessors are required to participate in DOR training in assessment procedures, essentially becomes an eight year period. This is a substantial amount of time between revaluations. Property assessment inequities develop during this time.

The training requirement is ineffective in most cases because the underlying problem is not training, but the budgetary constraints within each municipality. Property revaluations are a significant expense for municipalities. The department no longer employs a formal training program and now provides information to all assessors regarding compliance at the annual assessor schools and through the *Wisconsin Property Assessment Manual*.

The statutes define a major class as having more than five percent of the full value of the taxation district. The definition of a major class, at five percent of full value, is too tight. It is difficult to project accurately the values of properties in a small class because too few properties sell, which is the basis of projecting values locally. A more realistic size would be ten percent of full value, which in most small municipalities statewide would include the residential class.

**RECOMMENDATION FOR ACTION**

Shorten the full value compliance cycle. Specifically, require that the assessed value of a major class of property be within ten percent of the equalized value once every five years. After five years of non-compliance the Department would order a revaluation in year six versus the current eight year process.

Eliminate the training requirement. Under current law, an assessor must attend training after five years of non-compliance. DOR now provides information to all assessors regarding compliance at the annual assessor schools and through the *Wisconsin Property Assessment Manual*.

Change the definition of a "major class" of property from five percent to ten percent of the full value of a taxation district.

**ADMINISTRATIVE IMPACT**

The proposal will increase the effectiveness of property assessment and taxation-related departments at all levels of government in Wisconsin.

## **FAIRNESS /TAX EQUITY**

The proposal will increase uniformity and promote equitable assessments and fair taxation at both the municipal (assessed value) and the state (equalized value) level.

## **IMPACT ON ECONOMIC DEVELOPMENT**

Increased fairness in assessment and taxation, as well as efficiencies in administration, may have a positive impact on economic development in Wisconsin.

## **FISCAL EFFECT**

Costs associated with monitoring compliance can be absorbed by the Department of Revenue. Quality and efficiency should improve at both the state and local levels.

## **DRAFTING INSTRUCTIONS**

Suggested language:

1. Amend sec. 70.05(5)(a)3, Wis. Stats., to read as follows:  
Major class of property means any class of property that includes more than 5% 10% of the full value of the taxation district.
2. Amend sec. 70.05(5)(d), Wis. Stats., to read as follows:  
If the department of revenue determines that the assessed value of each major class of property of a taxation district, including 1<sup>st</sup> Class cities, has not been established within 10% of the full value of the same major class of property during the same year at least once during the 4-year period consisting of the current year and the 3 preceding years, the department shall notify the clerk of the taxation district of its intention to proceed under par. (f) (e) if the taxation district's assessed value of each major class of property for the subsequent year is not within 10% of the full value of the same major class of property. The department's notice shall be in writing and mailed to the clerk of the taxation district on or before November 1 of the year of the determination.
3. Delete sections 70.05(5)(f) and 70.05(5)(g), Wis. Stats.
4. Create sec. 70.05(5)(e), Wis. Stats., to read as follows.  
If, in the year after the notice under par. (d), the department of revenue determines that the assessed value of each major class of property of a taxation district, including 1<sup>st</sup> class cities, has not been established within 10% of the full value of the same major class of property, the department shall order special supervision under s. 70.75 (3) for that taxation district for the succeeding year's assessment. That order shall be in writing and shall be mailed to the clerk of the taxation district on or before November 1 of the year of the determination.

**EFFECTIVE DATE AND/OR INITIAL APPLICABILITY**

January 1, 2010

**INTERESTED/AFFECTED PARTIES**

Municipal Officials  
Wisconsin Towns Association  
League of WI Municipalities Alliance of Cities  
WI Association of Assessing Officers  
WI Municipal Clerks Association  
Wisconsin Real Property Listers Association  
Wis. Department of Revenue

**DOR CONTACT PERSON**

Scott Shields, Section Chief, Equalization

**PREPARED BY**

Reed S. Johnson, Supervisor of Equalization



**Kreye, Joseph**

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**From:** Gates-Hendrix, Sherrie L - DOR [Sherrie.GatesHendrix@revenue.wi.gov]  
**Sent:** Friday, September 19, 2008 11:19 AM  
**To:** Kreye, Joseph  
**Subject:** FW: Draft review: LRB 09-0053/P1 Topic: Assessment noncompliance cycle  
**Attachments:** LRB-0053\_P1.pdf

Hi Joe --

Could you make some additional changes to this draft for us?

I've attached slightly different drafting instructions at the end of this email, which correspond to what was in the request that went to DOA in the DOR budget request on Monday. (so these changes may be needed to a DOA-requested draft) It boils down to these changes:

Amend sec. 70.05(5)(d), Wis. Stats., to read as follows: If the department of revenue determines that the assessed value of each major class of property of a taxation district, including 1st Class cities, has not been established within **10%** of the full value of the same major class of property during the same year at least once during the 4-year period consisting of the current year and the 3 preceding years, the department shall notify the clerk of the taxation district of its intention to proceed under par. (e) if the taxation district's assessed value of each major class of property for the subsequent year is not within **10%** of the full value of the same major class of property. The department's notice shall be in writing and mailed to the clerk of the taxation district on or before November 1 of the year of the determination.

Repeal section 70.05(5)(g), Wis. Stats, or we suggest language similar to:

Create sec. 70.05(5)(e), Wis. Stats., to read as follows. **If, in the year after the notice under par. (d),** the department of revenue determines that the assessed value of each major class of property of a taxation district, including 1st class cities, has not been established within **10%** of the full value of the same major class of property, the department shall order special supervision under s. 70.75 (3) for that taxation district for the succeeding year's assessment. That order shall be in writing and shall be mailed to the clerk of the taxation district on or before November 1 of the year of the determination.

Thanks Joe. Hope this is clear --

Sherrie  
 7-1262

## DRAFTING INSTRUCTIONS

Suggested language:

1. Amend sec. 70.05(5)(a)3, Wis. Stats., to read as follows:

Major class of property means any class of property that includes more than 5% **10%** of the full value of the taxation district.

2. Amend sec. 70.05(5)(d), Wis. Stats., to read as follows:

If the department of revenue determines that the assessed value of each major class of property of a taxation district, including 1<sup>st</sup> Class cities, has not been established within 10%

09/19/2008

of the full value of the same major class of property during the same year at least once during the 4-year period consisting of the current year and the 3 preceding years, the department shall notify the clerk of the taxation district of its intention to proceed under par.

(f) **(e)** if the taxation district's assessed value of each major class of property for the subsequent year is not within 10% of the full value of the same major class of property. The department's notice shall be in writing and mailed to the clerk of the taxation district on or before November 1 of the year of the determination.

3. Delete sections 70.05(5)(f) and 70.05(5)(g), Wis. Stats.

4. Create sec. 70.05(5)(e), Wis. Stats., to read as follows.

If, in the year after the notice under par. (d), the department of revenue determines that the assessed value of each major class of property of a taxation district, including 1<sup>st</sup> class cities, has not been established within 10% of the full value of the same major class of property, the department shall order special supervision under s. 70.75 (3) for that taxation district for the succeeding year's assessment. That order shall be in writing and shall be mailed to the clerk of the taxation district on or before November 1 of the year of the determination.

DOA - BB0108

skt

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 9-23-08

TAXATION  
PROPERTY TAXATION

do not give

- 1 AN ACT ~~to repeal~~ 70.05 (5) (f) and 73.08, and ~~to amend~~ 20.566 (2) (a), 70.05 (5)
- 2 (a) 3., 70.05 (5) (d) and 70.05 (5) (g) of the statutes relating to: the Department
- 3 of Revenue supervising local property tax assessments. *the budget*

***Analysis by the Legislative Reference Bureau***

X Under current law, the Department of Revenue (DOR) monitors the property tax assessments in all taxation districts. Under current law, a major class of property is property with an assessed value representing more than five percent of the total assessed value of all property in the taxation district in which the major class of property is located. If DOR determines that a major class of property in a taxation district has not been assessed at a value that is within 10 percent of the full value of such property at least once during the most recent four years, DOR notifies the taxation district that the assessment staff in that district must participate in an assessment education program. Under current law, if DOR determines that a major class of property in the taxation district has not been assessed at a value that is within 10 percent of the full value of such property in the year that the taxation district's assessment staff participated in an assessment education program and in the following year, DOR must supervise the taxation district's next property tax assessment.

Under the bill, a major class of property is property with an assessed value representing more than 10 percent of the total assessed value of all property in the taxation district in which the major class of property is located. Under the bill, if DOR determines that a major class of property in a taxation district has not been assessed at a value that is within 5 percent of the full value of such property at least

10  
once during the most recent four years, DOR notifies the taxation district that DOR may supervise a subsequent taxation district assessment. If DOR determines that a major class of property in the taxation district has not been assessed at a value that is within 5 percent of the full value of such property in the year after the taxation district receives such notice, DOR must supervise the taxation district's next property tax assessment. Under the bill, the assessment staff of the taxation district does not participate in an assessment education program prior to DOR's supervision of the taxation district assessment.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 20.566 (2) (a) of the statutes is amended to read:

2           20.566 (2) (a) *General program operations.* The amounts in the schedule for  
3 administration of property tax laws, and public utility tax laws and, distribution of  
4 state taxes, and administration of general program operations under s. 73.10 and  
5 ~~administration of the assessor educational program under s. 73.08.~~

6           **SECTION 2.** 70.05 (5) (a) 3. of the statutes is amended to read:

7           70.05 (5) (a) 3. "Major class of property" means any class of property that  
8 includes more than 5% 10 percent of the full value of the taxation district.

9           **SECTION 3.** 70.05 (5) (d) of the statutes is amended to read:

10 plain 70.05 (5) (d) If the department of revenue determines that the assessed value  
11 of each major class of property of a taxation district, including 1st class cities, has not  
12 been established within 10% 5 percent of the full value of the same major class of  
13 property during the same year at least once during the 4-year period consisting of  
14 the current year and the 3 preceding years, the department shall notify the clerk of  
15 the taxation district of its intention to proceed under par. (f) (g) if the taxation (em)  
16 district's assessed value of each major class of property for the subsequent year is not  
17 within 10% 5 percent of the full value of the same major class of property. The  
plain

IN JEM 3-2

1 department's notice shall be in writing and mailed to the clerk of the taxation district  
2 on or before November 1 of the year of the determination.

3 **SECTION 4.** 70.05 (5) (f) of the statutes is repealed.

4 **SECTION 5.** 70.05 (5) (g) of the statutes is amended to read:

5 70.05 (5) (g) If, in both the year after the year in which the clerk of a taxation  
6 district's assessment staff participates in the program under s. 73.08 and in the next  
7 year district receives notice from the department under par. (d), the department of  
8 revenue determines that the assessed value of each major class of property is not  
9 within 10% 5 percent of the full value of the same major class of property, the  
10 department shall order special supervision under s. 70.75 (3) for that taxation  
11 district for the succeeding year's assessment. That order shall be in writing and shall  
12 be mailed to the clerk of the taxation district on or before November 1 of the year of  
13 the determination.

14 **SECTION 6.** 73.08 of the statutes is repealed.

15 **SECTION 7. Initial applicability.**

16 (1) This act first applies to the property tax assessments as of January 1, 2010.

17 (END)

change components  
change components  
the treatment of section 20.566(2)(a),  
70.05 (5) (a) 3., (d), (em), (f), and (g), and 73.08 of  
the statutes

**2009-2010 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-0379/P1ins  
JK:.....

**Insert 3 - 2**

*of revenue*

1       **SECTION 1.** 70.05 (5) (em) of the statutes is created to read:  
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8 be in writing and the department shall mail it to the taxation district clerk on or  
9 before November 1 of the year of the determination.

**Kreye, Joseph**

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**From:** Hynek, Sara - DOA [Sara.Hynek@Wisconsin.gov]  
**Sent:** Tuesday, January 20, 2009 11:06 AM  
**To:** Kreye, Joseph  
**Subject:** FW: LRB Draft: 09-0379/P1 Supervising local property tax assessments  
**Attachments:** 09-0379/P1.pdf

Hi Joe – DOR thought this draft was fine, but they did have a few suggestions on the description – FYI from their analysis:

"Although the proposed language of the legislation accurately reflects the intent, there were some factual inaccuracies in the brief description...Specifically the measurement is according to full value, not assessed value and the training notice under current law is provided after year five, not year four."

Sara Hynek  
Dept. of Administration  
608-266-1923

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**From:** Grinde, Kirsten - DOA  
**Sent:** Wednesday, September 24, 2008 3:34 PM  
**To:** Hynek, Sara - DOA; Hamele, Mary - DOA  
**Cc:** Lillethun, Chad W - DOA  
**Subject:** FW: LRB Draft: 09-0379/P1 Supervising local property tax assessments

Sara – FYI. You should contact Joe K. to switch the name of the requester to you.

Mary – Please verify that the tracking doc has Sara assigned to this draft rather than Chad.

Thanks.

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**From:** Henry, Patty [mailto:Patty.Henry@legis.wisconsin.gov]  
**Sent:** Wednesday, September 24, 2008 9:51 AM  
**To:** Lillethun, Chad W - DOA  
**Cc:** Grinde, Kirsten - DOA; Hanaman, Cathlene - LEGIS; Hamele, Mary - DOA  
**Subject:** LRB Draft: 09-0379/P1 Supervising local property tax assessments

*Following is the PDF version of draft 09-0379/P1.*



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-0379/P1

JK:kjf:ph

*Handwritten initials: R2, RMR*

DOA:.....Lillethun, BB0108 - Supervising local property tax assessments  
FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

*Handwritten: m 1-20-09*

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*  
**TAXATION**

**PROPERTY TAXATION**

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Under the bill, a major class of property is property with an assessed value representing more than 10 percent of the total assessed value of all property in the taxation district in which the major class of property is located. Under the bill, if DOR determines that a major class of property in a taxation district has not been assessed at a value that is within 10 percent of the full value of such property at least

*Handwritten: full*



once during the most recent <sup>five</sup> four years, DOR notifies the taxation district that DOR may supervise a subsequent taxation district assessment. If DOR determines that a major class of property in the taxation district has not been assessed at a value that is within 10 percent of the full value of such property in the year after the taxation district receives such notice, DOR must supervise the taxation district's next property tax assessment. Under the bill, the assessment staff of the taxation district does not participate in an assessment education program prior to DOR's supervision of the taxation district assessment.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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1        **SECTION 1.** 20.566 (2) (a) of the statutes is amended to read:

2        20.566 (2) (a) *General program operations.* The amounts in the schedule for  
3        administration of property tax laws, and public utility tax laws and, distribution of  
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5        ~~administration of the assessor educational program under s. 73.08.~~

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9        **SECTION 3.** 70.05 (5) (d) of the statutes is amended to read:

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15        district of its intention to proceed under par. (f) ~~(em)~~ if the taxation district's assessed  
16        value of each major class of property for the subsequent year is not within 10% of the  
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2 year of the determination.

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5 receives notice from the department of revenue under par. (d), the department  
6 determines that the assessed value of each major class of property of a taxation  
7 district, including 1st class cities, is not within 10 percent of the full value of the same  
8 major class of property, the department shall order special supervision under s. 70.75  
9 (3) for that taxation district for the succeeding year's assessment. The order shall  
10 be in writing and the department shall mail it to the taxation district clerk on or  
11 before November 1 of the year of the determination.

12 **SECTION 5.** 70.05 (5) (f) of the statutes is repealed.

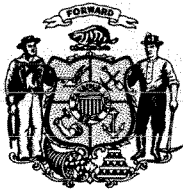
13 **SECTION 6.** 70.05 (5) (g) of the statutes is repealed.

14 **SECTION 7.** 73.08 of the statutes is repealed.

15 **SECTION 9343. Initial applicability; Revenue.**

16 (1) The treatment of sections 20.566 (2) (a), 70.05 (5) (a) 3., (d), (em), (f), and  
17 (g), and 73.08 of the statutes first applies to the property tax assessments as of  
18 January 1, 2010.

19 (END)



DOA:.....Hynek, BB0108 - Supervising local property tax assessments

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

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*Analysis by the Legislative Reference Bureau*

**TAXATION**

**PROPERTY TAXATION**

Under current law, DOR monitors the property tax assessments in all taxation districts. Under current law, a major class of property is property with an assessed value representing more than five percent of the full value of all property in the taxation district in which the major class of property is located. If DOR determines that a major class of property in a taxation district has not been assessed at a value that is within 10 percent of the full value of such property at least once during the most recent five years, DOR notifies the taxation district that the assessment staff in that district must participate in an assessment education program. Under current law, if DOR determines that a major class of property in the taxation district has not been assessed at a value that is within 10 percent of the full value of such property in the year that the taxation district's assessment staff participated in an assessment education program and in the following year, DOR must supervise the taxation district's next property tax assessment.

Under the bill, a major class of property is property with an assessed value representing more than 10 percent of the full value of all property in the taxation district in which the major class of property is located. Under the bill, if DOR determines that a major class of property in a taxation district has not been assessed at a value that is within 10 percent of the full value of such property at least once

during the most recent five years, DOR notifies the taxation district that DOR may supervise a subsequent taxation district assessment. If DOR determines that a major class of property in the taxation district has not been assessed at a value that is within 10 percent of the full value of such property in the year after the taxation district receives such notice, DOR must supervise the taxation district's next property tax assessment. Under the bill, the assessment staff of the taxation district does not participate in an assessment education program prior to DOR's supervision of the taxation district assessment.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1       **SECTION 1.** 20.566 (2) (a) of the statutes is amended to read:

2       20.566 (2) (a) *General program operations.* The amounts in the schedule for  
3 administration of property tax laws, and public utility tax laws and, distribution of  
4 state taxes, and administration of general program operations under s. 73.10 and  
5 ~~administration of the assessor educational program under s. 73.08.~~

6       **SECTION 2.** 70.05 (5) (a) 3. of the statutes is amended to read:

7       70.05 (5) (a) 3. "Major class of property" means any class of property that  
8 includes more than ~~5%~~ 10 percent of the full value of the taxation district.

9       **SECTION 3.** 70.05 (5) (d) of the statutes is amended to read:

10       70.05 (5) (d) If the department of revenue determines that the assessed value  
11 of each major class of property of a taxation district, including 1st class cities, has not  
12 been established within 10% of the full value of the same major class of property  
13 during the same year at least once during the 4-year period consisting of the current  
14 year and the 3 preceding years, the department shall notify the clerk of the taxation  
15 district of its intention to proceed under par. (f) ~~(em)~~ (em) if the taxation district's assessed  
16 value of each major class of property for the subsequent year is not within 10% of the  
17 full value of the same major class of property. The department's notice shall be in

1 writing and mailed to the clerk of the taxation district on or before November 1 of the  
2 year of the determination.

3 **SECTION 4.** 70.05 (5) (em) of the statutes is created to read:

4 70.05 (5) (em) If, in the year after the year in which the taxation district clerk  
5 receives notice from the department of revenue under par. (d), the department  
6 determines that the assessed value of each major class of property of a taxation  
7 district, including 1st class cities, is not within 10 percent of the full value of the same  
8 major class of property, the department shall order special supervision under s. 70.75  
9 (3) for that taxation district for the succeeding year's assessment. The order shall  
10 be in writing and the department shall mail it to the taxation district clerk on or  
11 before November 1 of the year of the determination.

12 **SECTION 5.** 70.05 (5) (f) of the statutes is repealed.

13 **SECTION 6.** 70.05 (5) (g) of the statutes is repealed.

14 **SECTION 7.** 73.08 of the statutes is repealed.

15 **SECTION 9343. Initial applicability; Revenue.**

16 (1) SUPERVISING PROPERTY TAX ASSESSMENTS. The treatment of sections 20.566  
17 (2) (a), 70.05 (5) (a) 3., (d), (em), (f), and (g), and 73.08 of the statutes first applies to  
18 the property tax assessments as of January 1, 2010.

19 (END)